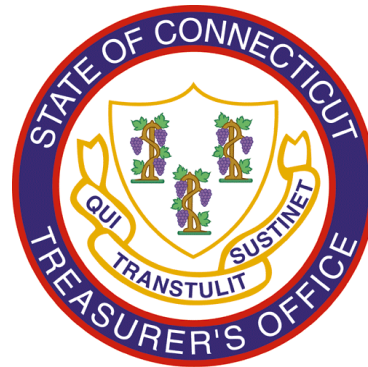


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# Short-Term Investment Fund Annual Investors Meeting April 3, 2014



Michael M. Terry, CFA  
Principal Investment Officer  
  
Cash Management Division

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# **STIF Annual Meeting**

- **Short-Term Investment Fund - Performance**
- **Short-Term Investment Fund – Attributes**
- **Market Report**

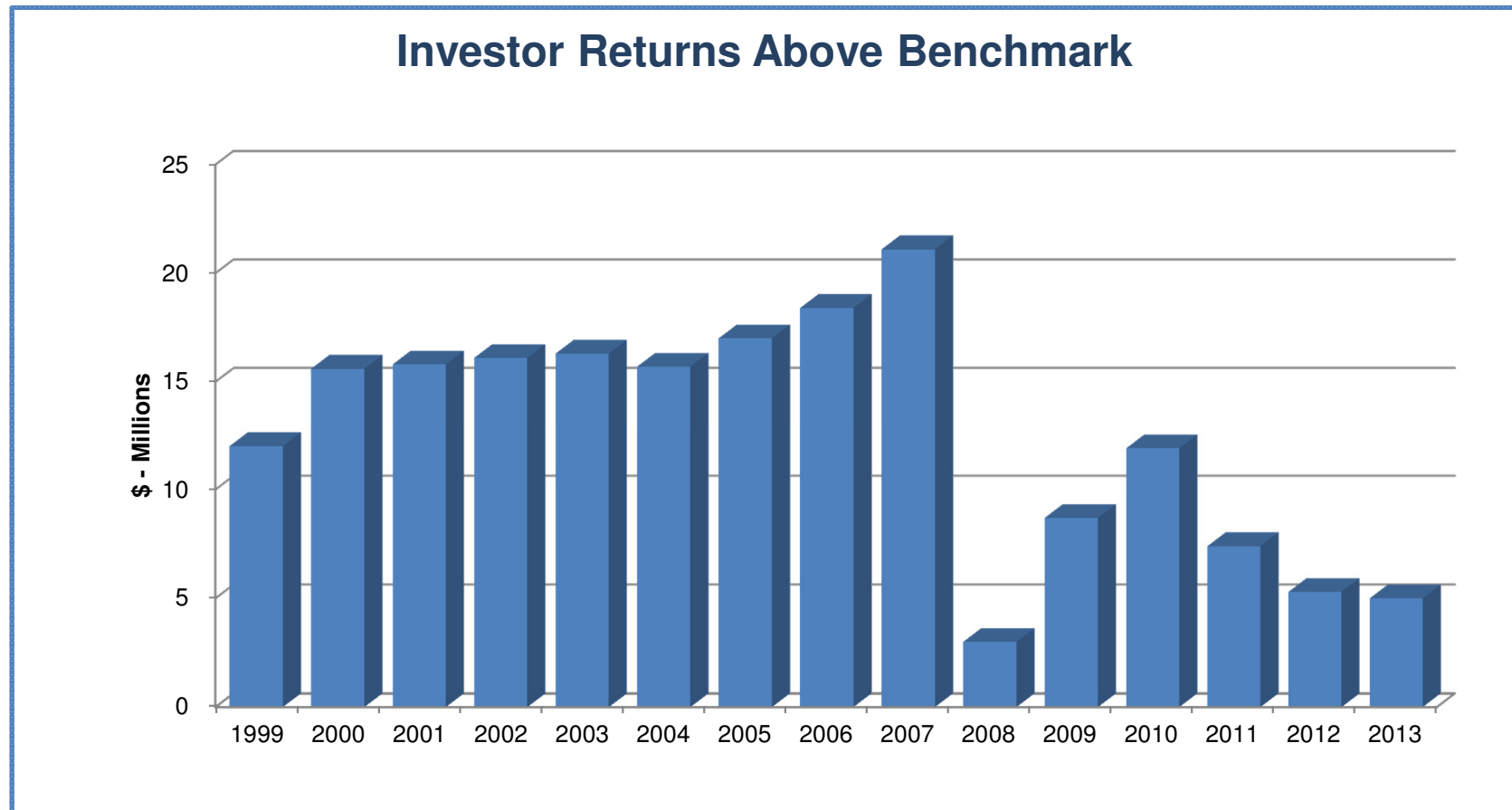
## **Short-Term Investment Fund – Performance**

Investor Returns: Fiscal Year 2013

- **Outperformed our benchmark by 11 bps (0.16% vs. 0.05%)**
- **Returned an additional \$5.3 million to investors above the benchmark, resulting in an additional \$190 million over the past 15 years**
- **Added \$2.5 million to reserves (\$49.9 million balance as of 6/30/2013)**

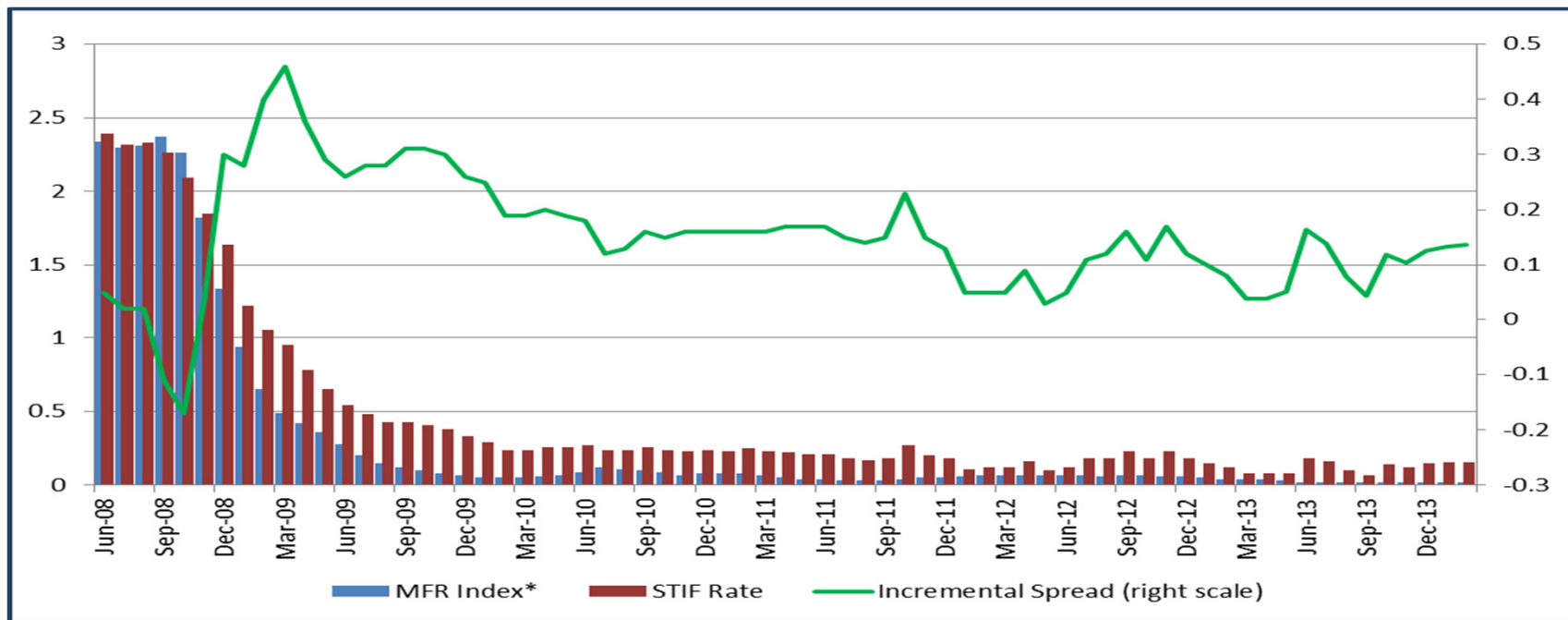
# Short-Term Investment Fund – Performance

## Amount Returned to Investors Above Benchmark



# Short-Term Investment Fund – Performance

## STIF Return vs. Benchmark



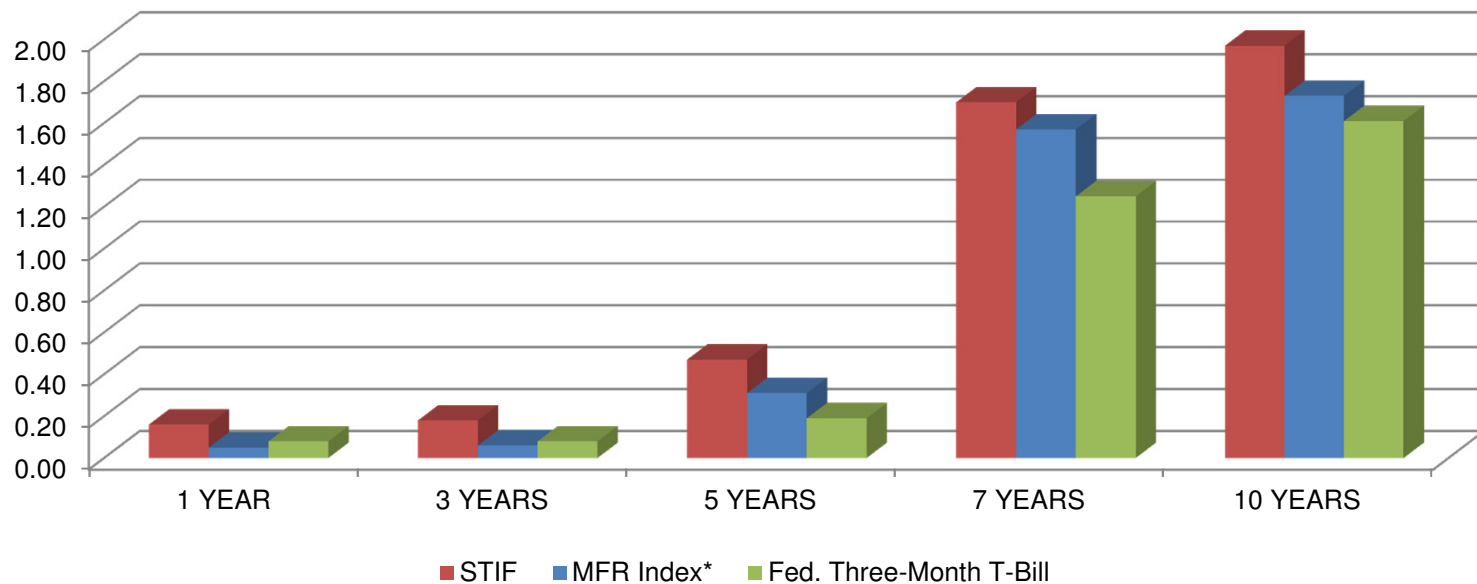
\* IMoneyNet's First Tier Institutions-Only AAA-Rated Money Fund Report (MFR) Averages Index.

➤ **STIF continues to outperform its benchmark over virtually all time periods.**

# Short-Term Investment Fund – Performance

Period ending June 30, 2013

## STIF - Annualized Return



\*IMoneyNet's First Tier Institutions-Only AAA-Rated Money Fund Report (MFR) Averages Index.

➤ **The STIF has consistently outperformed its benchmark and treasury bills.**

## **Short-Term Investment Fund**

### **Recent Performance**

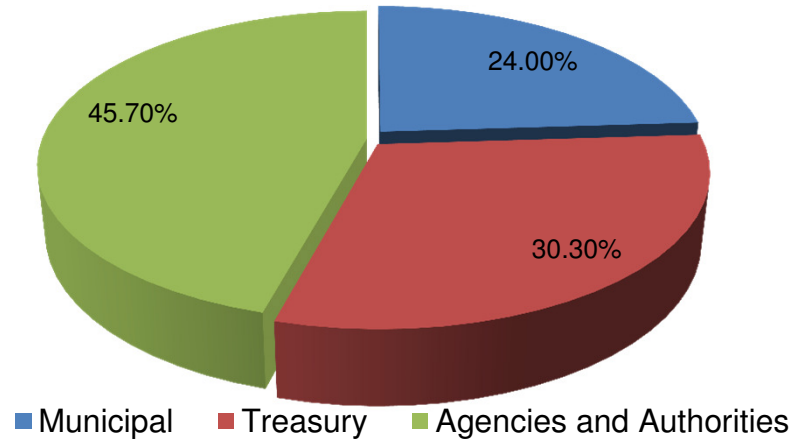
- **For Calendar Year 2013, outperformed benchmark by 9 bps (0.12% vs. 0.03%), thereby earning an additional \$4.4 million for investors**
- **Fiscal year-to-date (2/28/2014), outperformed benchmark by 11 bps (0.13% vs. 0.02%), thereby earning an additional \$3.5 million for investors**

# Short-Term Investment Fund – Attributes

## Investor Composition

### STIF Deposits

As of 2/28/2014

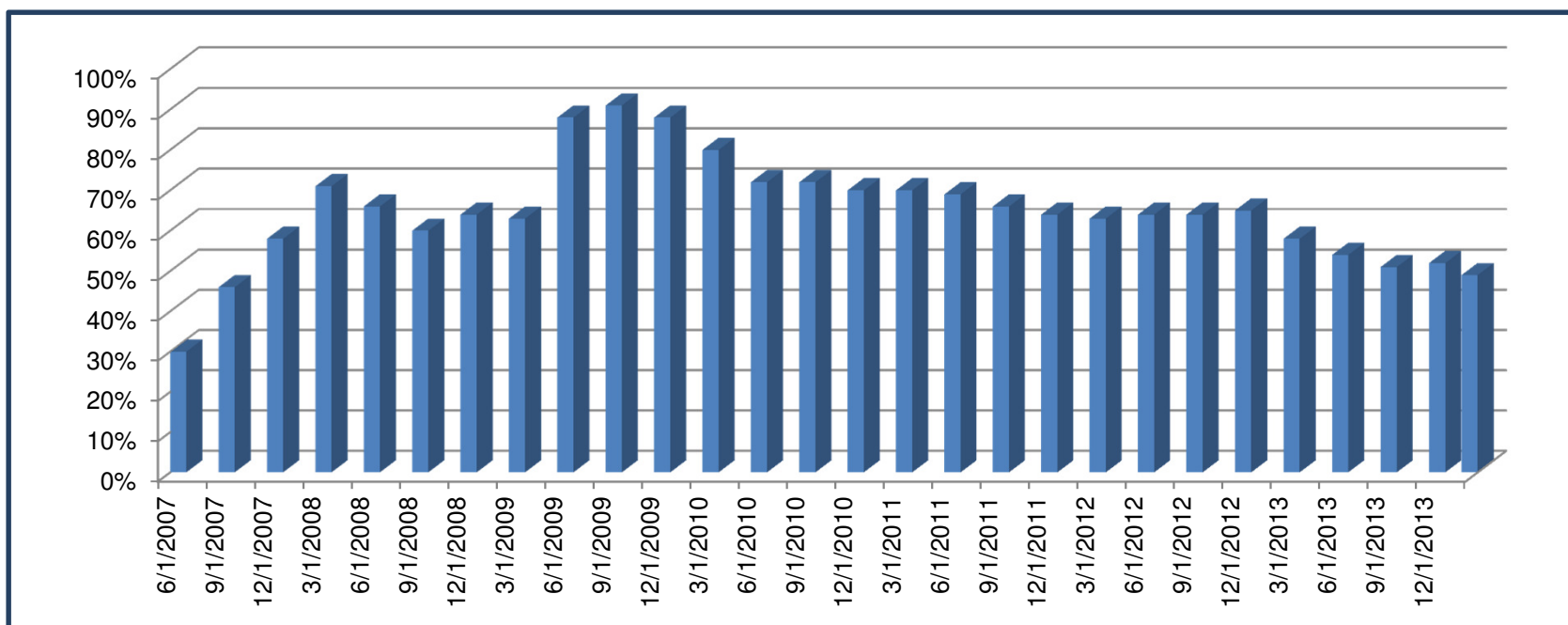


- **The State Treasury continues to be the single largest investor in the STIF.**



# Short-Term Investment Fund – Attributes

## Significant Liquidity



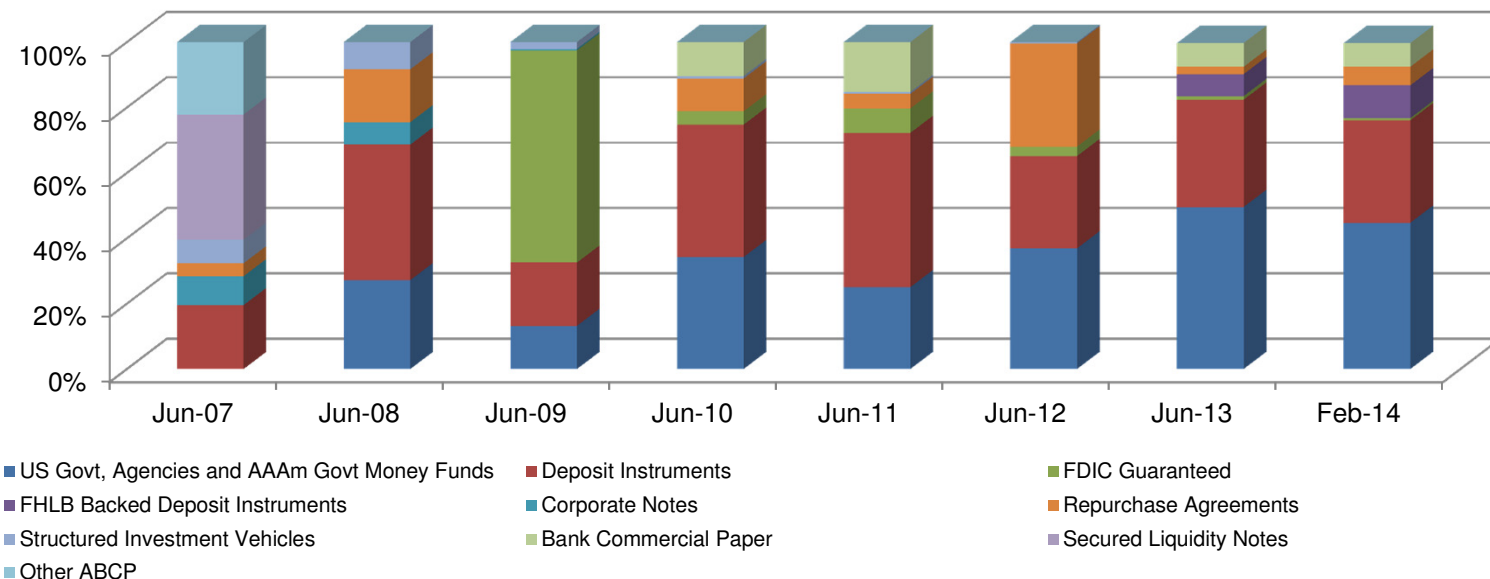
Overnight Investments or investments that are available on a same-day basis.

➤ **As of February 28, 2014 one-day liquidity stood at 49% of the portfolio or 2.2x municipal deposits.**

# Short-Term Investment Fund – Attributes

## Conservative Portfolio Composition

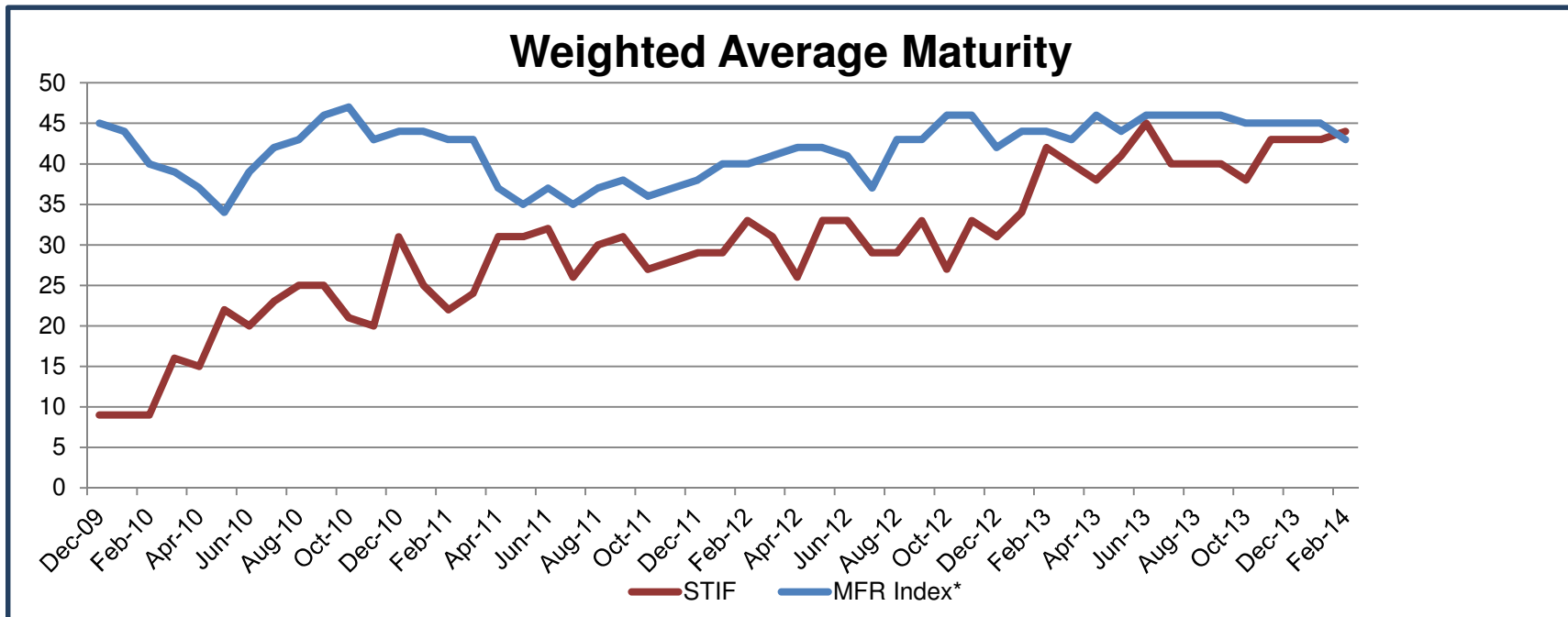
**STIF Portfolio Composition**



➤ **The STIF portfolio remains conservative with a focus on government/agency investments and highly-rated bank deposits.**

# Short-Term Investment Fund – Attributes

## Weighted Average Maturity



\*IMoneyNet's First Tier Institutions-Only AAA-Rated Money Fund Report (MFR) Averages Index.

- **The STIF's WAM continues to reflect the conservative nature of the fund. As of February 28, STIF's WAM was 44 days.**

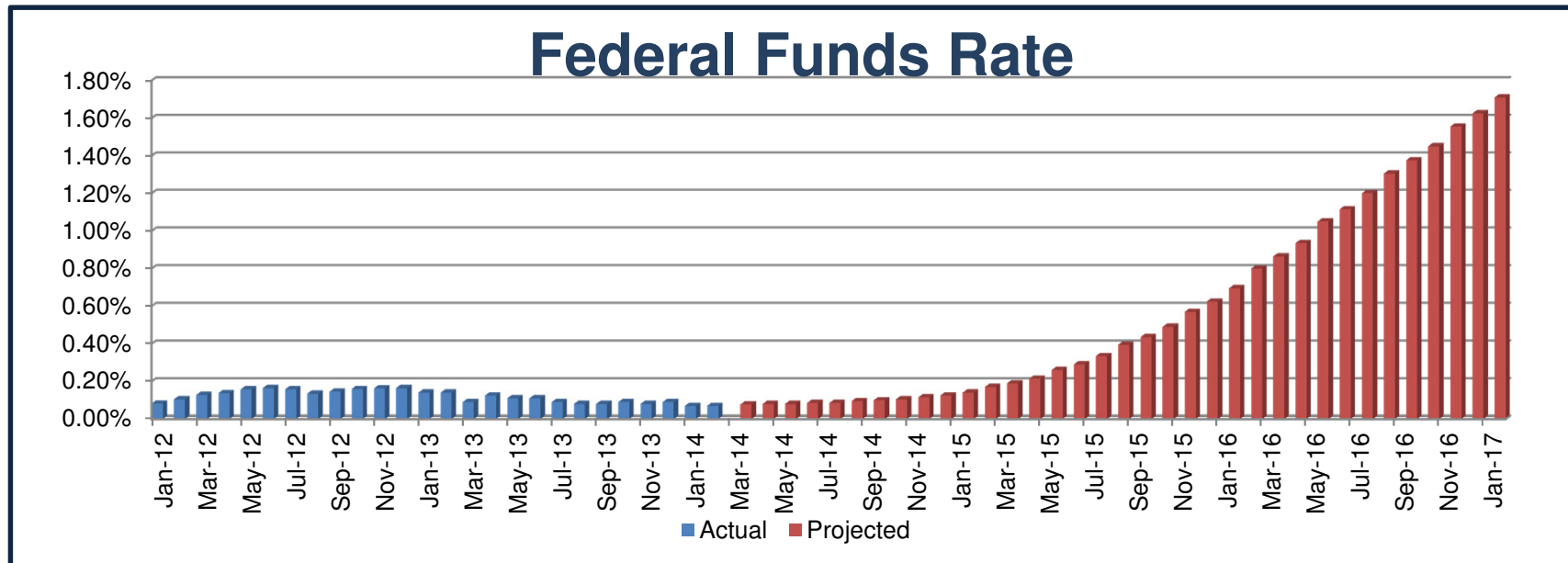
# Market Report

## Overview

- Interest rates continue to be at very low levels and should remain low for the near future.
- The U.S. financial system continues to strengthen and build capital as it prepares for BASEL III. European banks are getting stronger but still have significant sovereign and real estate exposure.
- The European fiscal “situation” has been improving, but debt levels remain high and growth remains slow.
- Economic data, including employment and housing, continues to improve but remains below targeted levels.

# Market Report

## Federal Funds

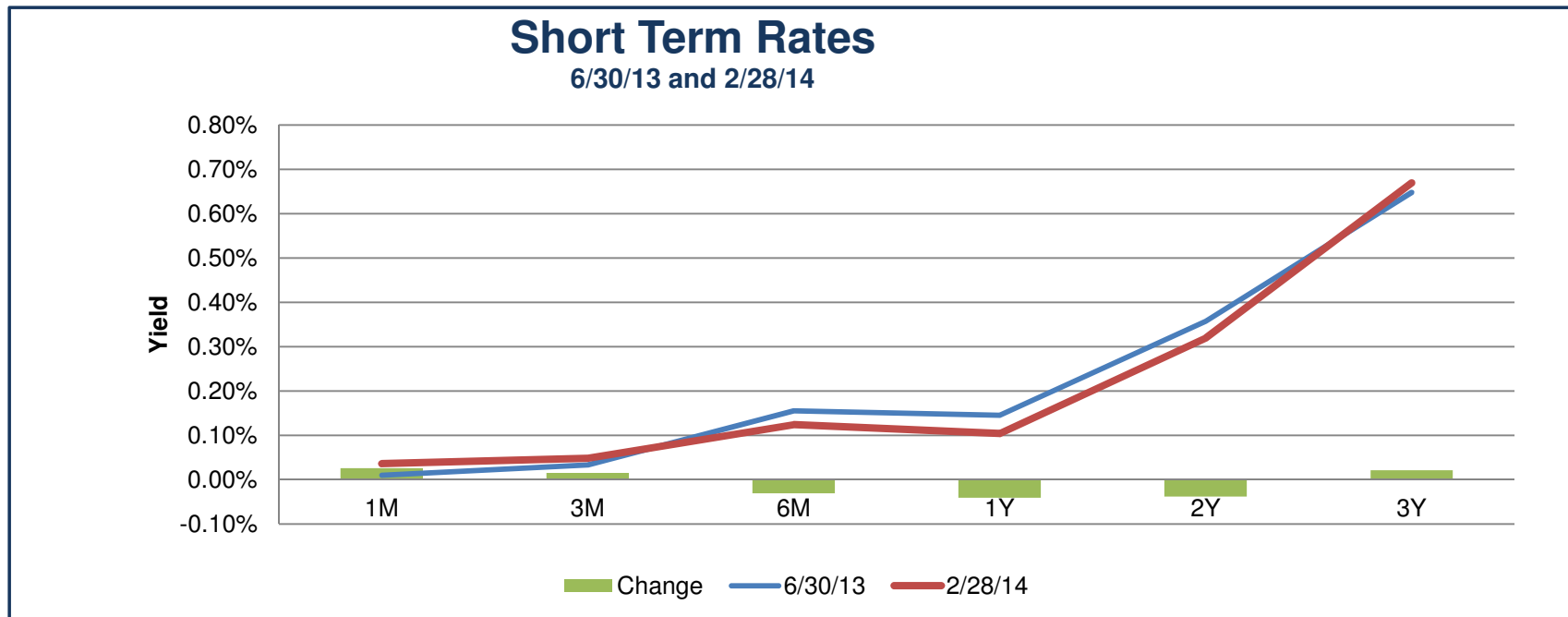


Source: Bloomberg

- **The Fed Funds rate, as measured through the futures rate, are not expected to meaningfully increase until mid-2015.**

# Market Report

## Short-term Yield Curve



Source: Bloomberg

- **The yield curve remains virtually unchanged, with rates below 1 year flat and steepening between 1 and 3 years.**

# Going Forward

- Influences on the STIF and municipal deposits
- Money market reform
- BASEL III Liquidity Coverage Ratio (“LCR”)
- Definition of HQLA

# Thank you!

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[www.state.ct.us/ott/STIFHome.htm](http://www.state.ct.us/ott/STIFHome.htm)